



Making a positive difference  
for energy consumers

All connection stakeholders

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Date: 4 December 2014

Dear Stakeholders

### **Incentive on Connections Engagement (ICE) Guidance Document consultation**

Connecting customers to the electricity network is a critical activity that delivers benefits both to individual customers and to society more broadly.

The requirements of large, commercial connection customers are often different to the needs of smaller, domestic connections. We therefore introduced the RIIO-ED1 Incentive on Connections Engagement (ICE) to drive electricity distribution network operators (DNOs) to understand and meet the needs of these types of larger customers.

This document has two purposes, it:

1. provides feedback on this year's ICE trial; and,
2. consults on our proposed ICE Guidance Document.

The first year of the scheme is 2015-16. We will assess performance for 2015-16 in summer 2016. Those DNOs that do not understand and meet the needs of their customers may incur a penalty.

### **The trial**

This year we trialled the ICE with DG connection stakeholders only.<sup>1</sup> As part of the trial - each DNO published a Looking Forward report and a Looking Back report.

- The Looking Forward report highlighted the DNOs' high-level engagement strategy, work plans of activities and key performance outputs for 2014-15.
- The Looking Back report confirms how the DNO performed against the engagement strategy, work plan of activities and key performance outputs that it set itself for 2013-14.

We consulted stakeholder for their views on the DNOs' Looking Forward<sup>2</sup> and Looking Back<sup>3</sup> reports. We also took account of feedback received via other means (eg the DG Forum events held in September 2014).<sup>4</sup>

### Our assessment of the submissions

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<sup>1</sup> During RIIO-ED1 the incentive will also capture unmetered and higher-voltage demand customers.

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/open-letter-consultation-incentive-connections-engagement-trial-part-one-submissions>

<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/open-letter-consultation-how-distributed-network-operators-have-engaged-distributed-generation-customers-2013-14>

<sup>4</sup> <http://www.energynetworks.org/events/networking-workshops-and-fora/2014-dg-fora/distributed-generation-fora-2014/2014-overview.html>

The majority of stakeholders were pleased with the progress made to understand customer priorities, provide additional information upfront and improve customer service. The majority of stakeholders were also positive about the Looking Forward plans for future improvement.

Based on the feedback that we received, we consider that all DNOs met the ICE assessment criteria. Although we identified several areas for improvement, the feedback clearly indicated that DNOs had sought to engage and respond to the views of their customers.

Based on our assessment this year, our recommendations to improve are outlined below:

- DNOs could provide more information about their stakeholder engagement strategy.
- DNOs should ensure that their Looking Forward and Looking Back submissions are easy to compare.
- DNOs' activities and outputs need to be clear and measurable.
- DNOs need to be specific about how their plan has been informed by engagement with connection stakeholders (including highlighting where they have taken into account ongoing feedback from stakeholders).
- The plans need to identify how they are improving the service of non-contestable services

In October some DNOs also published an updated Looking Forward report, to reflect the feedback that they received. The updated Looking Forward reports can be found on our website.<sup>5</sup>

### **The ICE Guidance Document consultation**

The ICE Guidance Document outlines the procedures for reporting and specifies how we will assess the DNOs' submissions. We are seeking views on our proposed ICE Guidance Document. Please find the current draft ICE Guidance Document attached to this letter.

Please submit any written comments on the proposed ICE Guidance Document to [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk) by 5 January 2015. Unless clearly marked as confidential, we will publish responses on our website.

### Next Steps

We will review consultation responses and issue our decision on the ICE Guidance Document in early 2015. Alongside our decision document we will issue notice to all DNOs stating:

- The text of the proposed ICE Guidance Document.
- The reasons for our proposals.
- The date that the document should take effect.
- The period within which the DNOs can make representations.

We will consider all representations that we will receive to our notice. We intend to direct the ICE Guidance Document to come into effect on 1 April 2015.

An overview of our next steps is provided below:

<b>Next Step</b>	<b>Date</b>
Consultation closes	5 January 2015
Decision document and issue notice	Early 2015
Issue Direction	1 April 2015
First ICE report	31 May 2015

<sup>5</sup> <https://www.ofgem.gov.uk/electricity/distribution-networks/connections-and-competition/distributed-generation>

<ul style="list-style-type: none"><li>• Looking Forward over 2015-16 only</li></ul>	
Second ICE report <ul style="list-style-type: none"><li>• Looking Back over 2015-16</li><li>• Looking Forward over 2016-17</li></ul>	31 May 2016

Yours sincerely,

James Veaney  
**Head of Distribution Policy**